

Message Text

PAGE 01 STATE 119436

72

ORIGIN EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 PRS-01 SP-02 OMB-01 AF-06

ARA-06 EA-06 NEA-10 NSCE-00 SSO-00 USIE-00 INRE-00

/124 R

DRAFTED BY EB/ITP:RLANDERS:EB/ORF/ICD:NHERRING

APPROVED BY EB/OT/GCP:DJDUNFORD

EB/ITP:CSCHMIDT

EB/OT/TA:WBARRACLOUGH

STR:BSTEINBOCK

TREASURY:JJOHNSON:AGREENE

AGRICULTURE:BSHARKEY

COMMERCE:BMILLER

----- 004654

O R 220010Z MAY 75

FM SECSTATE WASHDC

TO USMISSION GENEVA IMMEDIATE

INFO USMISSION EC BRUSSELS

LIMITED OFFICIAL USE STATE 119436

E.O. 11652: N/A

TAGS: GATT, ETRD

SUBJECT: GATT COMMITTEE ON TRADE AND DEVELOPMENT

REFS: (A) GENEVA 2934; (B) GENEVA 2976;

(C) STATE 066492

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 119436

1. HERewith FOLLOWS POLICY GUIDANCE FOR U.S. REPRESENTA-
TIVE TO MAY 22 AND 23 CTD MEETING.

2. GSP - BASIC POLICY GUIDANCE ON GSP ISSUE IS PROVIDED

IN THE THREE DOCUMENTS FORWARDED VIA WILLIAMS/SPRUCE LETTER OF MAY 15, 1975. THE STATUS OF IMPLEMENTATION OF GSP IS AS FOLLOWS: ON MARCH 24 WE PUBLISHED AND TRANSMITTED TO THE INTERNATIONAL TRADE COMMISSION (ITC) A LIST OF SOME 3,100 DIFFERENT ITEMS TO BE CONSIDERED FOR GSP TREATMENT (REFTEL C). ALSO ON MARCH 24, THE PRESIDENT SIGNED AN EXECUTIVE ORDER DESIGNATING 89 COUNTRIES AND 43 DEPENDENT TERRITORIES AS BENEFICIARY COUNTRIES FOR PURPOSES OF GSP. IN ADDITION, THE EO LISTED 24 COUNTRIES WHOSE ELIGIBILITY TO RECEIVE PREFERENCES REMAINS UNDER ACTIVE CONSIDERATION. ITC HAS HELD HEARINGS AND IS OTHERWISE REVIEWING THAT LIST IN ORDER TO DETERMINE THE PROBABLE IMPACT ON DOMESTIC PRODUCERS AND CONSUMERS OF GRANTING DUTY FREE ENTRY FOR

THESE PRODUCTS. HEARINGS WILL ALSO BE HELD BY THE TRADE POLICY STAFF COMMITTEE BEGINNING IN JUNE AND ENDING IN EARLY JULY. UNDER THE PROVISIONS OF THE TRADE ACT, THE ITC HAS SIX MONTHS, OR UNTIL SEPTEMBER 24, TO SUBMIT ITS ADVICE TO THE EXECUTIVE BRANCH. IT MAY BE POSSIBLE, HOWEVER, FOR THE COMMISSION TO SUBMIT ITS ADVICE EVEN SOONER. ON THE BASIS OF THE ADVICE FROM ITC AND THE FINDINGS OF THE TRADE POLICY STAFF COMMITTEE, A FINAL LIST OF PRODUCTS RECOMMENDED FOR GSP WILL BE SUBMITTED TO THE PRESIDENT.

3. ONCE THE PRESIDENTIAL DETERMINATION HAS BEEN MADE WITH RESPECT TO PRODUCTS TO BE INCLUDED UNDER GSP, WE WILL MOVE AS RAPIDLY AS POSSIBLE TO COMPLETE THE REMAINING IMPLEMENTING STEPS (E.G., AMENDMENTS OF THE TARIFF SCHEDULE OF THE U.S., CHANGES IN CUSTOMS REGULATIONS, ETC.) AND TO IMPLEMENT THE SYSTEM.

4. THE ADMINISTRATION IS SUPPORTING LEGISLATION NOW BEFORE CONGRESS (THE GREEN AMENDMENT) WHICH WOULD PERMIT THE PRESIDENT TO WAIVE THE OPEC/CARTEL PROVISION (502(B)2) FOR NON-EMBARGOING COUNTRIES (I.E., ECUADOR, LIMITED OFFICIAL USE LIMITED OFFICIAL USE

PAGE 03 STATE 119436

VENEZUELA, GABON, NIGERIA, INDONESIA, AND IRAN) IF HE DETERMINES IT TO BE IN THE NATIONAL ECONOMIC INTEREST. IN HIS TESTIMONY BEFORE THE TRADE SUBCOMMITTEE OF THE HOUSE WAYS AND MEANS COMMITTEE ON MAY 13, DEPUTY SECRETARY INGERSOLL SAID "FRANKLY SPEAKING, MR. CHAIRMAN, WE BELIEVE THAT H.R. 5897 DOES NOT GO FAR ENOUGH SINCE WE WOULD HAVE PREFERRED THIS AMENDMENT TO COVER ALL COUNTRIES THAT DO NOT EMBARGO US IN THE FUTURE. HOWEVER, WE CONSIDER H.R. 5897 A SIGNIFICANT STEP FORWARD AND WE SUPPORT IT, AND URGE ITS EARLY ADOPTION."

5. REVIEW OF DEVELOPMENTS IN INTERNATIONAL TRADE

IF SUBSTANTIVE INTERVENTION NECESSARY, AS APPROPRIATE:

A. DOCUMENT COM. TD/W/226 GENERALLY BALANCED REVIEW, BUT IT DOES NOT GIVE ADEQUATE ATTENTION TO EFFECT OF INCREASES IN THE PRICE OF OIL. ANY ANALYSIS OF TRADE AND PAYMENTS TRENDS OF DEVELOPING COUNTRIES SHOULD CONSIDER BOTH DIRECT AND INDIRECT EFFECTS OF PETROLEUM PRICE INCREASES ON THE COSTS AND TRANSPORTATION OF GOODS, AND HENCE ON LDC TRADE DEFICITS.

B. THE U.S. SHARES THE CONCERNS OF BOTH DEVELOPED AND DEVELOPING COUNTRIES ON COMMODITY PROBLEMS AND THEIR ECONOMIC IMPLICATIONS. WE ARE, OR WILL BE, ADDRESSING COMMODITY PROBLEMS IN A NUMBER OF FORA, INCLUDING

SPECIFIC NEGOTIATIONS (COFFEE, TIN, AND COCOA) AS WELL AS IN MORE GENERAL FORA (UNCTAD, UNGA SEVENTH SPECIAL SESSION). FURTHERMORE, THE U.S. CONSIDERS THAT THE MTN OFFERS A GOOD OPPORTUNITY TO DEAL WITH SPECIFIC COMMODITY TRADE PROBLEMS SUCH AS SUPPLY AND MARKET ACCESS, REDUCTION OR ELIMINATION OF TARIFF DIFFERENTIALS BETWEEN RAW AND PROCESSED FORM OF SOME PRODUCTS, NON-TARIFF BARRIERS AFFECTING PRODUCTS OF INTEREST TO LDCS, ETC.

C. AS STATED IN SECRETARY KISSINGER'S MAY 13 KANSAS CITY SPEECH THE U.S. IS PREPARED TO ADOPT AN APPROACH TO RAW MATERIAL PROBLEMS INVOLVING: (1) A PROPOSAL THAT THE MTN DEVELOP NEW RULES AND PROCEDURES ON QUESTIONS OF LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 04 STATE 119436

FREER ACCESS TO SUPPLIES AND MARKETS, PROMOTION OF MINING AND PROCESSING INDUSTRIES AND SETTLEMENT OF TRADE DISPUTES, (2) OUR READINESS TO TAKE AN ACTIVE PART IN THE NEGOTIATIONS OF PARTICULAR COMMODITY AGREEMENTS (FOR TROPICAL AGRICULTURAL PRODUCTS AND INDUSTRIAL RAW MATERIALS) ON A CASE-BY-CASE BASIS, AS CIRCUMSTANCES WARRANT; AND (3) A PROPOSAL THAT THE IBRD EXPLORE NEW WAYS OF FINANCING RAW MATERIAL INVESTMENT IN PRODUCING COUNTRIES.

D. THE U.S. IS PROVIDING SUBSTANTIAL AID TO THE MOST SERIOUSLY AFFECTED COUNTRIES. IN ADDITION WE STRONGLY SUPPORT THE WORK IN THE IMF/IBRD DEVELOPMENT COMMITTEE WHICH WAS CREATED AS THE FORUM FOR CONSIDERING ISSUES RELATING TO THE TRANSFER OF REAL RESOURCES.

E. SHOULD TERMS OF TRADE DISCUSSION IN THE DOCUMENT RAISE THE ISSUE OF INDEXATION (LINKING THE PRICES OF DEVELOPING COUNTRIES' EXPORTS TO THE PRICES OF THEIR IMPORTS), THE U.S. HAS SERIOUS POLICY AND PRACTICAL

DIFFICULTIES WITH THE CONCEPT OF INDEXATION. NEVERTHELESS WE ARE GIVING CAREFUL CONSIDERATION TO THE UNCTAD STUDIES ON INDEXATION AND WE CONSIDER THAT THE UNCTAD WORK PROGRAM FOR STUDYING INDEXATION, INCLUDING THE WORK OF THE UNCTAD APPOINTED GROUP OF EXPERTS, ALLOWS FOR ADEQUATE AND TIMELY CONSIDERATION OF THE SUBJECT. MOREOVER IT IS VIEW OF MANY (INCLUDING GROUP OF EXPERTS, WE UNOFFICIALLY UNDERSTAND) THAT INDEXATION COULD WORK AGAINST LDC INTERESTS, BY TRANSFERRING MONEY TO INDUSTRIALIZED COUNTRIES, OR AT MINIMUM, SLOWING RESOURCE TRANSFER TO LDCS.

6. INTRA-LDC TRADE--U.S. REP MAY INDICATE U.S. SUPPORT FOR GATT ACTIVITIES WHICH WOULD AID DEVELOPING COUNTRIES IN GOALS THEY HAVE SET FOR REGIONAL INTEGRATION. IT IS

LIKELY THAT IN A NUMBER OF PROPOSED FTA'S AND CUSTOMS UNIONS (PARTICULARLY NEW PROPOSALS SUCH AS ECOWAS) TECHNICAL ADVICE COULD BE MADE AVAILABLE THROUGH GATT, DRAWING UPON THE EXPERIENCE OF BOTH DEVELOPED AND DEVELOPING COUNTRIES WITH LONG ESTABLISHED PROGRAMS OF LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 05 STATE 119436

ECONOMIC INTEGRATION.

7. IF CTD DISCUSSION TAKES DIRECTION OF PROPOSING INTRA-LDC CONCESSIONS WITHIN MTN WHICH WOULD BE WITHHELD FROM DEVELOPED COUNTRY PARTICIPANTS, U.S. REP SHOULD INDICATE U.S. VIEW THAT SUCH AN APPROACH IS CONTRARY TO BASIC MTN CONCEPT, WOULD BE DAMAGING TO THE NEGOTIATIONS AND CARRIES RISK OF LIMITING SEVERELY OVERALL BENEFITS OF GENERAL TRADE LIBERALIZATION WHICH CAN ACCRUE TO DEVELOPING AND DEVELOPED COUNTRIES ALIKE AS RESULT OF SUCCESSFUL MTN. IF NECESSARY, ARGUMENTS U.S. REP MAY ADVANCE ARE:

A) THE U.S. SUPPORTS THE PRINCIPLE IN THE TOKYO DECLARATION OF LESS THAN FULL RECIPROCITY FOR CONCESSIONS GRANTED TO DEVELOPING COUNTRIES; HOWEVER DISCRIMINATION BY DEVELOPING COUNTRIES AGAINST DEVELOPED COUNTRY SUPPLIERS WILL STRENGTHEN ARGUMENTS OF INDUSTRIES IN DEVELOPED COUNTRIES FOR LIMITING NEGOTIATIONS TO NARROW EXCHANGES OF CONCESSIONS BASED ON ABSOLUTE RECIPROCITY.

B) MFN TARIFF REDUCTIONS AND OTHER LIBERALIZATION BY DEVELOPING COUNTRIES IN MTN COULD SERVE TO ENHANCE THE DEVELOPMENT OBJECTIVES OF THOSE COUNTRIES, E.G., RATIONALIZATION OF A NUMBER OF TRADE PRACTICES (SUCH AS UNNECESSARILY HIGH DUTIES OR COMPLICATED CUSTOMS PROCEDURES) WHICH MAY RETARD RATHER THAN ADVANCE DEVELOPMENT OBJECTIVES; INTRA-LDC LOWERING OF TRADE

BARRIERS WOULD COMPLICATE LDC IMPORT REGIMES AND MAKE HARMONIZATION OF TRADE POLICY WITH DEVELOPMENT OBJECTIVES MORE DIFFICULT.

C) GATT HAS NO PROVISION FOR NEW BINDINGS OF TARIFFS AT PREFERENTIAL RATES AND WE WOULD OPPOSE CREATION OF SUCH PROVISIONS. (U.S. DID NOT SUPPORT L/3636 WAIVER (11/26/71) ALLOWING PARTIES TO INTRA-LDC PROTOCOL TO ENGAGE IN AD HOC EXCHANGES OF PREFERENCES AND WE REMAIN SKEPTICAL THAT SUCH MEASURES HAVE ADVANCED OR WILL SIGNIFICANTLY ADVANCE THE DEVELOPMENT OBJECTIVES OF INDIVIDUAL COUNTRIES OR OF DEVELOPING COUNTRIES AS A GROUP. THE WAIVER ITSELF RECOGNIZED THAT "THESE LIMITED OFFICIAL USE LIMITED OFFICIAL USE

PAGE 06 STATE 119436

ARRANGEMENTS SHOULD NOT IMPEDE THE REDUCTION OF TARIFFS ON MFN BASIS.") THE U.S. WOULD OPPOSE NON-MFN TARIFF

REDUCTIONS AMONG DEVELOPING COUNTRIES ON THESE GROUNDS.

8. U.S. REP MAY SUPPORT DISCUSSION OF NON-DISCRIMINATORY PROPOSALS FOR USE OF MTN TO EXPAND INTRA-LDC TRADE (ANALYSIS OF INTRA-LDC TRADE TO DETERMINE IN WHICH PRODUCTS MFN TARIFF REDUCTIONS LIKELY TO LEAD TO SUCH EXPANSION IS ONE POSSIBILITY). WE WOULD WELCOME AND GIVE SERIOUS CONSIDERATION TO SUCH PROPOSALS.

9. IN GENERAL TERMS OF DISCUSSION, U.S. REP MAY ALSO MAKE POINT THAT TRADING SYSTEM NEEDS TO RECOGNIZE WIDE HETEROGENEITY AMONG ECONOMIES OF DEVELOPING AS WELL AS DEVELOPED COUNTRIES (STAGES OF INDUSTRIALIZATION, WEALTH, RESOURCES, EFFICIENCY OF SECTORS, GROWTH RATES, AND RELATIVE CHANGES WITH RESPECT TO THESE FACTORS). PROPOSALS TO DIFFERENTIATE AMONG NATIONS OVER LONG TERM ON BASIS OF ASSUMED SIMPLE DICHOTOMY BETWEEN DEVELOPING AND DEVELOPED COUNTRY STATUS WILL NOT SERVE EQUITABLY THE DIVERSE INTERESTS AND OBJECTIVES OF EITHER DEVELOPED OR DEVELOPING COUNTRIES AS A GROUP. SECTORS AND REGIONS IN CERTAIN DEVELOPING COUNTRIES ENJOY GREATER ECONOMIC DEVELOPMENT THAN MANY SECTORS AND REGIONS OF DEVELOPED COUNTRIES.

10. IMPLEMENTATION OF PART IV--NO NEW MEASURES TO REPORT AT THIS TIME. CONCERNING POSSIBLE DISCUSSION OF PART IV IMPLEMENTATION IN RELATION TO MTN WORK ON GATT REFORM (I.E., FRAMEWORK IMPROVEMENT), WE SEE NO PROBLEM WITH PRELIMINARY CONSIDERATION AS NOTED PARA 1 (D) OF REFTEL (A). THIS IS IN KEEPING WITH CTD MANDATE TO REVIEW PROGRESS IN MTN ON ISSUES OF PARTICULAR INTEREST TO THE DEVELOPING COUNTRIES AND WOULD APPEAR CONSISTENT WITH PREVIOUS EFFORTS BY CTD TO ASSIST LDC'S RELATIVE TO THEIR

PARTICIPATION IN THE NEGOTIATIONS.

11. HOWEVER, WE DO FIND PROSPECT OF SUCH DISCUSSION
SOMEWHAT PREMATURE SINCE EXAMINATION OF GATT REFORM IN
MTN HAS NOT YET BEGUN AND NO DECISION HAS BEEN MADE AS TO
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 07 STATE 119436

HOW SUBJECT WILL BE TREATED PROCEDURALLY. IN ANY EVENT,
U.S. REP SHOULD TAKE APPROPRIATE STEPS TO ENSURE (A) THAT
SCOPE OF DISCUSSION DOES NOT PREJUDICE OVERALL MTN
PRINCIPLES AND OBJECTIVES, SPECIFICALLY INTENT OF
PARAGRAPH 9 OF TOKYO DECLARATION, AND (B) THAT ANY
INITIATIVES ENTERTAINED DO NOT RUN RISK OF OVERLAPPING
WITH OR PRE-EMPTING ACTIVITIES OF TNC AND ITS SUBGROUPS.

12. TECHNICAL ASSISTANCE. IN VIEW OF HIGH PRAISE FROM
LDC'S AT LAST CTD (NOVEMBER 1974) FOR TECHNICAL ASSISTANCE

PROVIDED BY GATT SECRETARIAT IN CONNECTION WITH MTN, WE
ASSUME QUESTION WILL BE TREATED ROUTINELY AT THIS
SESSION. INGERSOLL

LIMITED OFFICIAL USE

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, MEETING AGENDA, COMMITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE119436
Document Source: ADS
Document Unique ID: 00
Drafter: EB/ITP:RLANDERS:EB/ORF/ICD:NHERRING
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D750178-1091
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197505103/baaaakki.tel
Line Count: 297
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 11 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 APR 2003 by Izenbel0>; APPROVED <04 NOV 2003 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: ETRD, GATT
To: GENEVA INFO EC BRUSSELS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006